

U.P. POWER CORPORATION LIMITED
SHAKTI BHAWAN, 14-ASHOK MARG, LUCKNOW
(A Govt. of UP Undertaking)

PUBLIC NOTICE

Hon'ble U.P Regulatory Commission vide its Order dated August 30, 2018 initiated Suo-Motu proceedings on Trueing Up for FY2015-16, Annual Performance Review (APR) for FY2016-17 and FY2017-18 and Tariff for FY2018-19 for the State DisComs (DVVNL, PVVNL, PuVVNL, KesCo and MVVNL) and further vide letter dated 15.09.2018 directed to make a detailed and comprehensive presentation before the Hon'ble Commission on September 28,2018. The licensees made detailed presentation before the Hon'ble Commission on September 28, 2018 & October 4, 2018 and submitted tariff filing formats & desired data to the Hon'ble Commission. The Hon'ble Commission vide its Order dated 12.11.2018 admitted the submitted information & data and directed to publish the public notice detailing the summary and highlights of submitted information.

In compliance to the said order, the stake holders, electricity consumers and general public at large are hereby informed about the salient features of the Trueing up for FY2015-16 & FY2016-17,Annual Performance Review(APR) for FY2017-18 and Aggregate Revenue Requirement (ARR) for FY2018-19 as under:-

Dakshinanchal Vidyut Vitran Nigam Limited

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
	True-up	True-up	APR	Revised Projections (ARR)
Energy Delivered to Discom (MU)	20,431.73	22,244.68	25,009.71	25,665.28
Energy Sales (MU)	15435.73	16,811.27	18,735.57	21,494.67
Actual Distribution Losses (%)	24.45%	24.43%	25.09%	16.25%
Expenditures (Rs Crore)				
Power Purchase Expenses including PGCIL charges	8,919.34	9,430.27	9,919.05	11,666.25
Transmission Charges	377.28	370.10	448.48	460.63
Total O&M expenses net of capitalisation	500.32	518.64	884.52	1,188.33
UPPCL O&M expenses	59.37	45.03	45.03	45.03
Gross Interest on Long Term Loans (net of capitalisation)	146.89	131.23	169.59	218.43
Interest on security deposit	35.37	34.64	46.70	51.32
Finance/Bank Charges	4.12	2.02	2.22	2.22
Interest on Working Capital	122.00	117.88	134.59	257.57
Contribution towards Contingency Fund	138.35	0.00	0.00	0.00

Depreciation	468.19	413.34	355.89	529.59
Bad and Doubtful Debts	118.82	126.64	167.69	237.55
Gross Expenditure	10,890.05	11,189.80	12,173.76	14,656.93
Add: Return on Equity	0.00	0.00	710.03	794.39
Less: Non-tariff Incomes	26.02	42.17	23.01	23.01
Annual Revenue Requirement	10,864.03	11,147.63	12,860.77	15,428.31
Revenue from Tariff incl DPS	7,835.86	7,921.47	8,384.75	11,877.69
GoUP Subsidy	1748.76	1951.99	1864.69	2,861.42
Revenue (Gap)/surplus	-1279.41	-1274.18	-2611.33	-689.20
Revenue (Gap)/surplus for FY 2012-13	-1539.80			
Revenue (Gap)/surplus for FY 2013-14		-1979.03		
Revenue (Gap)/surplus for FY 2014-15			1157.10	
Net Revenue (Gap)/surplus	-2819.21	-3253.21	-1454.23	-689.20
Average Power Purchase Rate (BST) (Rs/ Unit)	4.23	4.27	4.23	4.55
Thru Rate at existing Tariff (Excluding Subsidy) Rs /Unit	5.08	4.71	4.48	5.53
Thru Rate at existing Tariff (including Subsidy) Rs /Unit	6.21	5.87	5.47	6.86
Average Cost of Supply (Rs /Unit)	7.04	6.63	6.86	7.18

Paschimanchal Vidyut Vitran Nigam Ltd

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
	True-up	True-up	APR	Revised Projections (ARR)
Energy Delivered to Discom (MU)	26,926.17	31,110.59	34,438.67	39,514.85
Energy Sales (MU)	21,905.00	25,335.00	28,437.00	33,509.00
Actual Distribution Losses (%)	18.65%	18.57%	17.43%	15.20%
Expenditures (Rs Crore)				
Power Purchase Expenses including PGCIL charges	11,451.47	13,430.69	14,885.43	17,961.62
Transmission Charges	498.86	519.00	610.28	700.30
Total O&M expenses net of capitalisation	513.15	519.65	1,523.47	1,927.40
UPPCL O&M expenses	78.25	62.98	62.98	62.98
Gross Interest on Long Term Loans (net of capitalisation)	229.50	252.02	352.02	428.45
Interest on security deposit	201.64	275.63	377.61	119.69
Finance/Bank Charges	47.88	27.63	12.38	12.38
Interest on Working Capital	142.25	155.34	215.39	286.84
Contribution towards Contingency Fund	30.84	68.08	0.00	0.00
Depreciation	547.00	652.99	390.45	406.11
Bad and Doubtful Debts	139.69	109.45	160.59	371.85
Gross Expenditure	13,880.53	16,073.45	18,590.60	22,277.63
Add: Return on Equity	0.00	0.00	613.17	717.98
Less: Non-tariff Incomes	24.11	28.37	39.40	39.40

Annual Revenue Requirement	13,856.41	16,045.08	19,164.37	22,956.21
Revenue from Tariff incl DPS	12,217.55	13,393.56	15,257.33	18,592.31
GoUP Subsidy	775.17	1,414.19	911.84	1,399.24
Revenue (Gap)/surplus	-863.70	-1,237.33	-2,995.21	-2,964.66
Revenue (Gap)/surplus for FY 2012-13	-987.55			
Revenue (Gap)/surplus for FY 2013-14		-418.85		
Revenue (Gap)/surplus for FY 2014-15			543.19	
Net Revenue (Gap)/surplus	-1,851.25	-1,656.18	-2,452.02	-2,964.66
Average Power Purchase Rate (BST) (Rs/ Unit)	4.23	4.27	4.23	4.55
Thru Rate at existing Tariff (Excluding Subsidy) Rs /Unit	5.58	5.29	5.37	5.55
Thru Rate at existing Tariff (including Subsidy) Rs /Unit	5.93	5.84	5.69	5.97
Average Cost of Supply (Rs /Unit)	6.33	6.33	6.74	6.85

Purvanchal Vidyut Vitran Nigam Limited

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
	True-up	True-up	APR	Revised Projections (ARR)
Energy Delivered to Discom (MU)	20,637.79	23,676.13	27,016.33	29,846.10
Energy Sales (MU)	15,887.69	18,291.43	24,942.39	24,942.39
Actual Distribution Losses (%)	23.02%	22.74%	23.16%	16.43%
Expenditures (Rs Crore)				
Power Purchase Expenses including PGCIL charges	8,499.26	9,966.09	10,943.54	13,566.65
Transmission Charges	380.77	393.98	482.50	533.04
Total O&M expenses net of capitalisation	653.50	903.87	1,676.17	2,414.84
UPPCL O&M expenses	59.97	47.93	47.93	47.93
Gross Interest on Long Term Loans (net of capitalisation)	261.90	434.33	511.71	589.19
Interest on security deposit	57.88	54.63	48.32	35.66
Finance/Bank Charges	0.03	17.41	19.10	19.10
Interest on Working Capital	146.69	176.21	222.02	287.91
Contribution towards Contingency Fund	3.89	0.00	0.00	0.00
Depreciation	462.07	548.05	312.46	327.01
Prior Period Expenses	0.00	0.00	0.00	0.00
Bad and Doubtful Debts	161.76	190.68	204.35	261.16
Gross Expenditure	10,687.72	12,733.17	14,468.10	18,082.49
Add: Return on Equity	0.00	0.00	594.94	670.47
Less: Non-tariff Incomes	22.75	16.79	15.80	15.80
Annual Revenue Requirement	10,664.96	12,716.38	15,047.24	18,737.16
Revenue from Tariff incl DPS	8,088.06	9,534.25	10,513.84	13,058.10
GoUP Subsidy	1,904.16	1,944.94	1,634.45	2,579.22
Revenue (Gap)/surplus	-672.75	-1,237.20	-2,898.95	-3,099.84

Revenue (Gap)/surplus for FY 2012-13	-1,575.82			
Revenue (Gap)/surplus for FY 2013-14		-1,179.85		
Revenue (Gap)/surplus for FY 2014-15			-393.31	
Net Revenue (Gap)/surplus	-2,248.57	-2,417.05	-3,292.26	-3,099.84
Average Power Purchase Rate (BST) (Rs/ Unit)	4.23	4.27	4.23	4.55
Thru Rate at existing Tariff (Excluding Subsidy) Rs /Unit	5.09	5.21	5.06	5.24
Thru Rate at existing Tariff (including Subsidy) Rs /Unit	6.29	6.28	5.85	6.27
Average Cost of Supply (Rs /Unit)	6.71	6.95	7.25	7.51

Madhyanchal Vidyut Vitran Nigam Limited

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
	True-up	True-up	APR	Revised Projections (ARR)
Energy Delivered to Discom (MU)	16352.51	19128.97	21857.02	24969.20
Energy Sales (MU)	12,722.00	14,759.00	17,007.00	20,952.00
Actual Distribution Losses (%)	22.20%	22.84%	22.19%	16.09%
Expenditures (Rs Crore)				
Power Purchase Expenses including PGCIL charges	6,814.62	8,036.32	8,902.72	11,349.84
Transmission Charges	302.35	318.89	388.28	443.57
Total O&M expenses net of capitalization	553.20	584.55	1,635.41	2,530.26
UPPCL O&M expenses	47.52	38.72	38.72	38.72
Gross Interest on Long Term Loans (net of capitalisation)	207.78	264.04	381.31	371.71
Interest on security deposit	27.30	157.51	45.20	51.25
Finance/Bank Charges	2.83	40.85	21.33	21.33
Interest on Working Capital	115.10	132.57	209.27	279.62
Depreciation	398.98	412.03	367.01	263.56
Bad and Doubtful Debts	119.21	140.46	164.94	255.49
Gross Expenditure	8,588.89	10,125.95	12,154.20	15,605.35
Add: Return on Equity	0.00	0.00	393.32	453.88
Less: Non-tariff Incomes	54.25	33.69	40.36	40.36
Annual Revenue Requirement	8,534.65	10,092.26	12,507.16	16,018.87
Revenue from Tariff incl DPS	7,548.82	8,659.51	10,078.14	12,774.70
GoUP Subsidy	1,011.91	670.75	1,342.50	2,060.11
Revenue (Gap)/surplus	26.08	-762.00	-1,086.51	-1,184.06
Revenue (Gap)/surplus for FY 2012-13	-1,603.54			
Revenue (Gap)/surplus for FY 2013-14		-1,315.68		
Revenue (Gap)/surplus for FY 2014-15			-48.73	
Net Revenue (Gap)/surplus	-1,577.46	-2,077.68	-1,135.24	-1,184.06
Average Power Purchase Rate (BST) (Rs/ Unit)	4.23	4.27	4.23	4.55

Thru Rate at existing Tariff (Excluding Subsidy) Rs /Unit	5.93	5.87	5.93	6.10
Thru Rate at existing Tariff (including Subsidy) Rs /Unit	6.73	6.32	6.72	7.08
Average Cost of Supply (Rs /Unit)	6.71	6.84	7.35	7.65

Kanpur Electricity Supply Company Limited

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
	True-up	True-up	APR	Revised Projections (ARR)
Energy Delivered to Discom (MU)	3594.37	3688.94	3677.92	4000.87
Energy Sales (MU)	2,935.00	3,089.16	3,171.00	3,396.00
Actual Distribution Losses (%)	18.34%	16.26%	13.78%	15.13%
Expenditures (Rs Crore)				
Power Purchase Expenses including PGCIL charges	1,571.71	1,639.97	1,584.02	1,818.61
Transmission Charges	66.52	61.67	64.56	65.59
Total O&M expenses net of capitalisation	190.20	197.72	235.36	267.41
UPPCL O&M expenses	10.44	7.47	7.47	7.47
Gross Interest on Long Term Loans (net of capitalisation)	0.00	0.00	2.69	10.62
Interest on security deposit	9.18	8.82	10.32	12.25
Finance/Bank Charges	6.39	18.72	21.75	21.75
Interest on Working Capital	32.75	36.35	47.69	49.65
Contribution towards Contingency Fund	25.64	31.79	0.00	0.00
Depreciation	45.40	48.19	19.73	16.37
Bad and Doubtful Debts	12.78	13.30	15.75	52.74
Gross Expenditure	1,971.00	2,064.00	2,009.32	2,322.44
Add: Return on Equity	0.00	0.00	35.08	41.49
Less: Non-tariff Incomes	9.52	16.90	18.44	18.44
Annual Revenue Requirement	1,961.48	2,047.10	2,025.97	2,345.50
Revenue from Tariff incl DPS	2,109.87	2,325.32	2,548.54	2,637.21
Revenue (Gap)/surplus	148.38	278.22	522.57	291.71
Revenue (Gap)/surplus for FY 2012-13	-306.99			
Revenue (Gap)/surplus for FY 2013-14		94.80		
Revenue (Gap)/surplus for FY 2014-15			-115.92	
Net Revenue (Gap)/surplus	-158.61	373.02	406.65	291.71
Average Power Purchase Rate (BST) (Rs/ Unit)	4.23	4.27	4.23	4.55
Thru Rate at existing Tariff (Excluding Subsidy) Rs /Unit	7.19	7.53	8.04	7.77
Thru Rate at existing Tariff (including Subsidy) Rs /Unit	7.19	7.53	8.04	7.77
Average Cost of Supply (Rs /Unit)	6.68	6.63	6.39	6.91

The cumulative revenue gap as estimated by State Discoms for FY 2015-16, FY 2016-17 and FY 2018-19 are Rs 8,655.09 Crore, Rs 9,031.10 Crore and Rs 7,646.04 Crore, respectively. The Carrying cost on the Gaps approved in True-up Order for FY, 2012-13, FY 2013-14, FY 2014-15 and estimated Gap in True-up for FY 2015-16 and FY 2016-17 is Rs. 12,278.10 Crore based on the methodology previously followed by the Hon'ble Commission.

Hon'ble Commission has been informed that the decision on the tariff for FY2018-19 may be taken by Hon'ble Commission. ARR submitted to Hon'ble Commission is based on committed operational parameters and as there is no additional resources available, Hon'ble Commission may consider approval of Regulatory Assets with minimum amortization schedule as per the provision of MYT Regulation 2014 if Hon'ble Commission feels that there may be tariff shock to the consumers.

Hon'ble Commission has been further informed that the cost of power purchase tends to increase frequently due to increase in railway freight, cost escalation in coal pricing, availability situation of coal at mines, additional burden of fixed cost component due to outwards shift of high value consumers through open access, due to recent ruling/decision of Hon'ble Courts and regulators, increase in capital cost of power generation projects and change in law (FGD, any additional cess) etc which are beyond the control of licensees. This increase is not fully recoverable through incremental cost computation for power purchase cost adjustment as per MYDT Regulation/as decided in the petition filed by licensee for amendment in MYDT Regulation, 2014. The licensees need to maintain their cash flow for the payment of power purchase to ensure electricity supply to the consumers etc. and approval of regulatory assets will help them in approaching banks for raising loan for financing of regulatory assets.

The Tariff Filing formats and other data are available at the websites of respective Discoms (at www.pvvn.org, www.dvvn.org, www.puvvn.up.nic.in, www.mvvn.in, www.kesco.co.in and www.uppcl.org).

Further, the stakeholders, general public and all concerned are also advised to regularly check the website of licensee/ UPPCL for updates on subsequent submissions made in respect of such proceedings.

All concerned Consumers, Individuals, Organizations, Licensees, Stake holders and Departments of Government may send their objections, if any, along with notarized

affidavit in six copies. Four Copies may be sent to Secretary, U.P. Electricity Regulatory Commission, Vidut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow -226010 and two copies to Chief Engineer (RAU), 15th floor, Shakti Bhawan Extension, 14-Ashok Marg, Lucknow-226001, within 15 days from the date of publication of this notice.

Chairman
(MVVNL, PVVNL, DVVNL, PuVVNL, KESCO)

Save electricity in the interest of Nation